

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

In re: Dowling College

Case No. 16-75545 (REG)  
Reporting Period: 1/1/18 to 1/31/18

## MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit / Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements			Available upon request	
Cash disbursements journals			Available upon request	
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post-petition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Post-petition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

See accompanying notes on following page.

**Note:**

The financial information provided in this Monthly Operating Report ("MOR") is provided based on the best information available, the source of which is unaudited and untested. If the books and records were audited or tested further, the information provided may differ from that presented in this MOR, possibly by material amounts.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual\*

Date

Robert S. Rosenfeld

Chief Restructuring Officer

Printed Name of Authorized Individual

Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK**

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**In re:**

**Chapter 11**

**DOWLING COLLEGE**

**Case No. 16-75545 (REG)**

**Debtor.**

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**GLOBAL NOTES REGARDING  
DEBTOR'S MONTHLY OPERATING REPORT**

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in this chapter 11 case and is in a format acceptable to the United States Trustee. The financial information contained in the MOR is preliminary and unaudited, and as such may be subject to revision. The information in the MOR should not be viewed as indicative of future results.

The accompanying Preliminary Unaudited Financial Statements of Dowling College have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America using information from the Debtor's accounting sub ledger and general ledger systems.

While Debtor's management has made reasonable efforts to ensure that the MOR is accurate and complete, based upon information that was available to them at the time of preparation, subsequent information may result in material changes to the MOR. Moreover, because the MOR contains unaudited information, which is subject to further review and potential adjustment, there can be no assurance that this MOR is complete. The Debtor reserves all rights to amend the MOR from time to time, in all respects, as may be necessary or appropriate. These global notes regarding the Debtor's MOR ("Global Notes") comprise an integral part of the MOR and should be referred to and considered in connection with any review of the MOR.

**Specific Notes.**

Endowment Funds. Temporarily restricted net assets consist of various donor-restricted amounts for academic programs, scholarships, and revenue for future periods (i.e., contributions receivable and accumulated gains on endowment funds). Permanently restricted net assets represent endowment corpus, which provides investment income principally for scholarships. Dowling's endowment consists of approximately 55 individual funds established for a variety of purposes, including donor-restricted endowment funds.

Dowling's management and investment of donor-restricted endowment funds is subject to the provisions of New York Prudent Management of Institutional Funds Act (NYPMIFA). Pursuant to the investment policy approved by the board of trustees of Dowling, Dowling has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund, as Dowling deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Dowling records the remaining portion of the donor-restricted endowment fund that is not permanently restricted, as temporarily restricted until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Levied Bank Accounts. Prior to the Petition Date, the Debtor's funds on deposit at TD Bank, NA (approximately \$506,000) that were included in 4 separate bank accounts were removed from the accounts and placed in separate holding accounts by TD Bank, NA in accordance with its internal procedures and following receipt of certain Restraining Notices served pursuant to NY CPLR Section 5222(b) filed by certain prepetition judgment creditors. Included in these restrained funds may have been certain restricted funds. Upon receipt of notice of the Debtor's Ch. 11 filing, which occurred prior to the Sheriff executing the levy, TD Bank NA returned the funds to the Debtor's accounts. The Debtor subsequently transferred these funds to four new DIP accounts maintained at Signature Bank in the same amounts and titles of the accounts that were maintained at TD Bank. After further investigation, the Debtor has determined that these funds are not restricted. Pursuant to an Order entered on January 29, 2018, the Debtor is authorized to use these funds as cash collateral [DE 484]. Accordingly, the Debtor has or is in the process of transferring these funds to the post petition Term Loan bank accounts maintained at Signature Bank, consistent with the Final Cash Management Order and DIP Financing Agreements.

### **Sale of Assets:**

*Sale of Oakdale Campus and related contents.* On the Petition Date, the Debtor filed a motion requesting the entry of, among other things, bidding procedures and bidder protections for the sale of the Oakdale Campus (the "Sale Motion") [DE 13]. On December 16, 2016, the Court entered an order approving, in part, the Sale Motion (the "Bidding Procedures Order") [DE 111], which approved, among other things, bidding procedures for the sale of the Oakdale Campus (the "Bidding Procedures").

The Debtor conducted an auction (the "Auction") on April 4, 2017 pursuant to the Bidding Procedures Order. The Auction was resulted in a high bid of \$26,500,000 by Princeton Education Center LLC ("Princeton"). The second highest bid was \$26,100,000, submitted by NCF Capital Limited ("NCF"). On April 6, 2017, the Debtor, after extensive consideration by and consultation with representatives of the Creditors' Committee and the DIP Lenders, determined to close the Auction formally and designated Princeton to be the Successful Bidder and NCF to be the Backup Bidder, subject to confirmation by the Board of Trustees of Dowling College (the "Board").

After the Auction, in accordance with the Bidding Procedures, Princeton increased the deposit being held by the Debtor such that it equaled 5% of the Princeton Purchase Price. Debtor's

counsel held \$1,325,000.00 in its escrow account on account of Princeton's deposit (the "Princeton Deposit"). On April 10, 2017, the Court held a hearing to consider the Sale Motion and on April 12, 2017 the Court entered an order approving the sale of the Oakdale Campus free and clear of all liens, claims, encumbrance and other interests to Princeton pursuant to the Princeton APA (the "Sale Order") [DE 285].

The Princeton Asset Purchase Agreement ("Princeton APA") expressly provided that the closing shall take place within thirty (30) days after satisfaction or waiver of all conditions to the obligations of the Debtor and Princeton, time being of the essence. The deadline to close the contemplated sale transaction (the "Princeton Sale") was May 26, 2017. By letter dated May 26, 2017, Princeton's counsel requested an extension of the closing date by three (3) weeks to June 16, 2017 in order to assemble the funding necessary to consummate the Princeton Sale (the "Extension Request Letter"). In response to the Extension Request Letter, by letter dated May 26, 2017 for delivery on May 30, 2017, the Debtor, in consultation with the Creditors' Committee and the DIP Lenders, notified Princeton of its breach of the Princeton APA (the "Breach Notice"). The Breach Notice informed Princeton that (i) the Debtor intended to terminate the Princeton APA if the Princeton Sale did not close within fifteen (15) business days, as provided for in Section 12.1(c)(ii) of the Princeton APA and (ii) if the Princeton APA is terminated then the Debtor would retain the Princeton Deposit as liquidated damages, as provided for in Section 3.2 of the Princeton APA and the Bidding Procedures Order. Therefore, the deadline for Princeton to close the Princeton Sale was June 20, 2017 (the "Termination Date").

On June 19, 2017, Princeton notified the Debtor that the closing would not occur on June 20, 2017 because it did not have the funds necessary to close the Princeton Sale. Princeton failed to close the Princeton Sale by 12:59 p.m. on the Termination Date. Thereafter, by letter dated June 21, 2017, due to Princeton's failure to close the Princeton Sale, the Debtor, in consultation with the Creditors' Committee and the DIP Lenders, terminated the Princeton APA (the "Termination Letter"). As result of Princeton's breach and subsequent termination, pursuant to the terms of the Princeton APA the Debtor was authorized to retain the Princeton deposit of \$1,325,000. These funds were transferred from the Debtor's counsel's escrow account to the Debtor's cash accounts during July 2017. Pursuant to the DIP financing Order, during August 2017, these funds were subsequently transferred to UMB, as Trustee for the post petition DIP lenders as a Mandatory Prepayment.

### Back-up Bidder

The Bidding Procedures Order provided that if Princeton, as the Successful Bidder failed to consummate the Princeton Sale, then NCF, as the Backup Bidder, was automatically deemed to have submitted the highest or otherwise best bid. By letter dated June 21, 2017, due to Princeton's failure to close the Princeton Sale, the Debtor, in consultation with the Creditors' Committee and the DIP Lenders, determined to proceed with NCF as the Backup Bidder and notified NCF that it had been deemed the Successful Bidder in accordance with the Bidding Procedures Order (the "NCF Letter"). On July 14, 2017, the Court entered a Supplemental Sale Order (i) establishing Mercury International, LLC<sup>1</sup>, as assignee of NCF Capital Limited as the

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<sup>1</sup> On July 12, 2017, NCF gave the Debtor notice that it had assigned all of its rights and obligations in and to the NCF APA, including, but not limited to, the Deposit (as defined in the NCF APA), to Mercury International, LLC, a Delaware limited liability company, pursuant to section 14.5 of the NCF APA.

Successful Bidder and (ii) authorizing the Debtor to enter into and perform under the NCF APA. The Debtor's counsel is currently holding, in escrow, a deposit in the amount of \$1,305,000 (the "Deposit") from NCF relating to the NCF Asset Purchase Agreement. Pursuant to Order of the Court, in addition to the real estate, the Debtor agreed to sell the furniture and equipment located at the Oakdale Campus to NCF for \$90,000.

Closing of Sale of Oakdale Campus

On August 21, 2017, the Debtor closed on the sale of the Oakdale Campus and the furniture and equipment to NCF. In connection with the closing, it was agreed that NCF would hold \$75,000 in escrow related to potential repairs that may be required to one of the buildings located on the Oakdale Campus. The net costs required to be paid by the Debtor relating to these repairs was \$24,200 which was paid with the funds held in escrow and the balance of \$50,800 was returned to the Debtor during January 2018. After considering closing costs related to brokers' commissions and title fees (totaling approximately \$1,057,000), the net proceeds received by the Debtor at closing was \$25,058,000 related to the real estate and furniture and equipment. Subsequent to the receipt of the proceeds from this sale transaction, the Debtor filed a motion with the Court to approve the remittance of available net proceeds from the sale of the Oakdale Campus to the DIP Agent [DE 394]. The Order provides for the Debtor to pay \$20,000,000 from the net proceeds received to pay down certain portions of the outstanding DIP Financing balances and related prepetition Debt in order to reduce the interest charges to the Estate. The Debtor's motion was entered on approved by the Court at a hearing on September 27, 2017. Subsequently, \$20 million from this sale was paid to the secured lender and the balance of the net proceeds from this sale is being maintained by the Debtor in a segregated account.

Following is a summary of the reporting of these transactions included herein:

	Oakdale Campus	Furniture & Equipment	Total
Proceeds Received	\$ 26,100,000	\$ 90,000	\$ 26,190,000
<u>Closing Costs:</u>			
Commissions	1,044,000		1,044,000
Title Fees	12,600		12,600
total closing Costs	1,056,600	-	1,056,600
Less: costs incurred for repairs- paid from escrow	24,200	-	24,200
Gain reported on transaction	\$ 25,019,200	\$ 90,000	\$ 25,109,200

Sale of Residential Properties. Pursuant to Court Order, during December 2016, January 2017, April 2017, May 2017, June 2017, August 2017, September 2017, November 2017 and January 2018, the Debtor sold 24 residential properties located near the Oakdale, Long Island Campus. In accordance with the Court Order, the net proceeds (after closing costs and realtor commissions relating to these sales) were paid directly to the secured lender that held the lien on these properties. Pursuant to a settlement agreement between the creditors, during September

2017, \$200,000 of the net proceeds received from the September sales were paid to the Debtor and such funds were deposited in a reserve account by the Debtor.

Following is a summary of the funds relating to these sales:

	<b>Month Closed</b>	<b># of sales</b>	<b>Total Sales Price</b>	<b>Proceeds Pd to Dowling at Closing</b>	<b>Paid to Secured Lender</b>
2016	December	5	1,594,500		1,516,452
2017	January	3	1,143,000		1,112,728
2017	April	1	610,000		580,542
2017	May	1	394,000		378,664
2017	June	4	1,330,500		1,290,682
2017	August	1	320,000		305,700
2017	September	3	1,153,500	200,000	913,398
2017	November	3	900,000		865,632
2018	January	3	1,010,000	-	983,399
Total		24	8,455,500	200,000	7,947,197

*Sale of vacant land.* In connection with the residential property closed in August 2017, the Debtor sold its interest in an adjoining plot of vacant land to the same buyer of this residential property. The Debtor received \$25,000 from the buyer and has maintained these funds in one of the Debtors DIP accounts.

*Sale of IP Addresses.* On July 25, 2017, the Debtor sold its interest in over 65,000 IP addresses in the amount of \$851,968. In connection with the sale of these IP addresses, the Debtor was required to pay a commission to its retained agent in the amount of \$51,118.08. The sale was subject to approval and transfer procedures required by the American Registry for Internet Numbers (“ARIN”). The proceeds have been held in escrow until the transfer was approved by ARIN. On September 6, 2017, the transfer was completed and the funds were deposited into the Debtor’s DIP account. The net amount of funds received by the Debtor, after payment of the aforementioned commission was \$800,849.92.

Distribution of proceeds to Creditors. Pursuant to a settlement agreement term sheet entered into by and among the secured creditors and the Unsecured Creditors Committee (the “Settlement Agreement”), the parties agreed to a certain manner of distribution of proceeds derived from the sale of certain assets. The settlement term sheet was attached as Exhibit A to the Final Order (I) Authorizing the Debtor to Obtain Postpetition Financing and Use Cash Collateral, (II) Granting Adequate Protection, and (III) Granting Certain Related Relief, which was entered by the Court on July 17, 2017. Based upon the provisions of this settlement, as proceeds from the disposition of assets are received by the Debtor and become distributable, the amounts are to be allocated based upon, among other things, the type of asset which gave rise to the proceeds. As understood by the Debtor, the term sheet allocation and related calculations consider, among several factors, direct asset sale costs and expenses, amounts due to the DIP financing lenders at the time of the distribution, prepetition secured creditor balances, required reserves for payment of priority claims and certain junior secured lenders, and allocations for payments to unsecured creditors as expected pursuant to a contemplated plan of liquidation. Based on the term sheet calculations, proceeds received from the Oakdale Campus sale and the IP Address sale were paid over to UMB Bank as DIP Agent during the month of October.

Note on recognition of gains and losses for sales of Debtor’s assets. The Debtor is in the process of determining net book values for the respective sale of individual assets. For purposes of this Monthly Operating Report, the Debtor has estimated fixed assets amounts, accumulated depreciation and gain and loss on disposal amounts for the reporting period. As a result, actual gains and losses that would be reported under Generally Accepted Accounting Principles, may differ from the amounts reported on these interim financial statements. As information becomes available, the Debtor may adjust the gain and loss result as needed.

Pre Petition and Post Petition Lender Balances. The Debtor is in the process of determining pre petition debt balances related to the secured lenders. The Debtor has analyzed the post petition DIP financing balances and available proceeds from post petition asset recoveries that were distributed to the secured lenders pursuant to the Settlement Agreement. In accordance with the DIP Financing Agreement and Settlement Agreement, after applying such payments to the respective term loan DIP financing balances, including the DIP lenders’ reasonable fees, costs and expenses (including legal fees), any excess amounts paid to the secured lenders were applied to the Debtor’s obligations under the prepetition financing documents, including reasonable fees, costs and expenses (including legal fees). The administrative agent for the secured lenders is required to distribute the payments made on account of the loan balances to the individual secured lenders. The Debtor has requested from the administrative agent for the secured lenders an accounting of how much is owed to each individual prepetition secured lender. For purposes of this Monthly Operating Report, the Debtor has not adjusted the prepetition balances for each individual secured lender until it receives the lenders’ administrative agent’s accounting. As information becomes available, the Debtor may adjust the prepetition secured loan balances at such time. As a result, this information is subject to change.

Self-Insured Medical and Dental benefit plan. The Debtor maintained self-insured employee medical and dental benefit plans (the “Health Plans”). Under the provisions of the Health Plans, two third party administrators, CIGNA and Health Plex, provided claims processing and administrative functions, for the Medical and Dental coverage, respectively. Upon the

closing of the Debtor's operations in June 2016, this Health Plan was terminated. The U.S. Department of Labor is in the process of evaluating the outstanding unpaid claims under these Health Plans. As of the Petition Date, the Debtor was unable to quantify the total amount of claims to be potentially asserted in relation to the termination of the Health Plans due to, among other reasons, the fact that many claims may be unqualified for coverage or disallowed under the Health Plan. In addition, the Debtor's, former third party administrators ("TPA's") of the Health Plans have stated that they will not agree to process the associated claims. Finally, the Debtor is presently unable to determine which parties actually hold the claims for monetary loss associated with the Health Plans termination, if any. Until further analysis can be performed, the Debtor has disclosed this issue herein, without quantification of the amounts due.

#### Student Receivables

The Debtor continues to evaluate the collectability of its receivables due from former students of the College. The Debtor's balance sheet may not reflect the ultimate realization experience of such receivable balances. The Debtor continues to explore ways to maximize value of these receivables.

#### Pending Litigation

The Debtor is subject to lawsuits and claims that arise out of its operations in the normal course of business. The Debtor is a defendant in various litigation matters, some of which involve claims for damages that are substantial in amount. The Debtor believes it has meritorious defenses to the claims made and intends to contest the claims vigorously. Currently, the Debtor is unable to express an opinion as to the likely outcome of this litigation; therefore, as required by authoritative accounting guidance, no liabilities are reflected in the accompanying unaudited financial statements related to these claims. An unfavorable outcome could have a materially adverse effect on the Debtor's financial position and results of operations.



In re: Dowling College  
Schedule of Cash Receipts and Disbursements

MOR-1  
CASE NO. 16-75545 (REG)  
REPORTING PERIOD: NOVEMBER 30, 2017

	BANK ACCOUNTS											
	Signature - Operating - 5448	Signature - TL A- 5456	Signature-TL B- 5464	Signature - TL C- 5472	Signature - TL D- 5480	Signature-Flex Spending Acct- 3912 (1)	Signature - Student Activity Acct - 3947 (1)	Signature-Sewage Treatment Replacement Acct- 3920 (1)	Signature-Sewage Treatment Reserve Acct - 3939 (1)	Signature-Real Estate Proceeds Account - 3826	Signature- Student Collections Account - 6057	Signature-Class I - Settlement Reserve - 5697
<b>CASH BEGINNING OF PERIOD</b>	\$ 37,031.55	\$ 47,931.95	\$ 21,940.05	\$ 19,310.27	\$ 37,757.36	\$ 16,157.41	\$ 368,198.51	\$ 60,515.76	\$ 60,560.45	\$ 32,007.79	\$ 4.94	\$ 200,093.80
<b>RECEIPTS</b>												
Cash Receipts	\$ 35			\$ -	\$ -							
Interest Income										\$ 5		\$ 34
Perkins Loan Repayments and charges												
Net Transfers From/(To) Accounts	347,740	(42,294)	(33,559)	(95,373)	170,450	(16,157)	(368,199)			(6,450)	-	
DIP Funding		54,450	25,450	79,496	174,378							
Proceeds from sale of real estate												
Proceeds from sale of other assets	-											
Receipt/return of security deposits from tenants												
Voided checks												
Other	60,756				61,985							
<b>Total Receipts</b>	<b>\$ 408,531</b>	<b>\$ 12,156</b>	<b>\$ (8,109)</b>	<b>\$ (15,877)</b>	<b>\$ 406,813</b>	<b>\$ (16,157)</b>	<b>\$ (368,199)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,445)</b>	<b>\$ -</b>	<b>\$ 34</b>
<b>DISBURSEMENTS</b>												
Payroll & Benefits	17,774											
Telephone and cable	3,277											
Outside Services	2,240											
Landscaping & Snow Removal	7,950											
Utilities	41,758											
Security	22,633											
Fire & Safety	9,057											
Repairs & Maintenance	18,733											
Insurance	-											
Chemical Removal												
Waste Removal	710											
Sewage Treatment	-											
Property Taxes	87,462											
Permits & licenses												
Payroll Processing	401											
Union Benefits												
Computer expense	-											
Office Supplies												
Finance Fees					-							
Debt Paydowns												
Retained Professionals	91,698											
Claims Noticing Agent	-											
Interim Management-CRO	71,992											
Bank Charges												
Moving, Storage and destruction costs	1,296											
Other	-											
Return of Tenant security deposits												
Receivable collection costs												
Real estate cost of sales	-											
Litigation												
US Trustee Fees	20,000											
Other Bankruptcy Related Charges												
<b>Total Disbursements</b>	<b>\$ 396,980</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Cash Flow</b>	<b>\$ 11,551</b>	<b>\$ 12,156</b>	<b>\$ (8,109)</b>	<b>\$ (15,877)</b>	<b>\$ 406,813</b>	<b>\$ (16,157)</b>	<b>\$ (368,199)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,445)</b>	<b>\$ -</b>	<b>\$ 34</b>
<b>Cash - End Of Period<sup>(4)</sup></b>	<b>\$ 48,582</b>	<b>\$ 60,088</b>	<b>\$ 13,831</b>	<b>\$ 3,434</b>	<b>\$ 444,571</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,516</b>	<b>\$ 60,560</b>	<b>\$ 25,563</b>	<b>\$ 5</b>	<b>\$ 200,128</b>

See Notes to MOR.

(1) Debtor is currently investigating if these funds are restricted.

(2) Bank accounts was maintained for tenant security deposits. The balance of all remaining deposits were returned or liquidated from this account during October 2017.

(3) Pursuant to Court Order, proceeds from the sale of the Debtor's residential real estate located in Oakdale, NY were paid directly to the secured lender that held the liens on these properties.

Since the funds were paid directly to the lender and third parties, no funds related to these transactions flowed through the Debtor's bank accounts.

(4) Bank account relates to Perkins Title IV loan proceeds, repayments, and other charges to students relating to federal loan funding. Student loan repayment activity is managed by a third party servicer that tracks repayments and funds deposited into the US Bank account.

In re: Dowling College  
Schedule of Cash Receipts and Disbursements

MOR-1  
CASE NO. 16-75545 (REG)  
REPORTING PERIOD: NOVEMBER 30, 2017

							CURRENT PERIOD	CUMULATIVE FILING TO DATE
	Signature-Class II 2006 Bonds Reserve - 5093	Signature-Class III - 2002 Bonds Reserve - 5700	Signature - Class IV 2015 Bonds Reserve - 5107	Capital One-6182 (2)	US Bank -1467 (4)	Cash Activity occurring through UMB through Residential Sales (3)	ACTUAL	ACTUAL
<b>CASH BEGINNING OF PERIOD</b>	\$ 4,928,213.84	\$ -	\$ 200,103.60	\$ -	\$ 477,579.83	\$ -	\$ 6,507,407	\$ 1,045,272
<b>RECEIPTS</b>								
Cash Receipts					\$ 2,422		2,457	935,310
Interest Income	\$ 842	\$ -	\$ 34				915	10,287
Perkins Loan Repayments and charges							-	163,968
Net Transfers From/(To) Accounts	43,841						0	(0)
DIP Funding							333,774	7,352,141
Proceeds from sale of real estate						983,399	983,399	34,781,094
Proceeds from sale of other assets							-	890,850
Receipt/return of security deposits from tenants				-			-	(38,346)
Voided checks							-	7,136
Other							122,741	1,474,230
<b>Total Receipts</b>	<b>\$ 44,683</b>	<b>\$ -</b>	<b>\$ 34</b>	<b>\$ -</b>	<b>\$ 2,422</b>	<b>\$ 983,399</b>	<b>\$ 1,443,286</b>	<b>\$ 45,576,669</b>
<b>DISBURSEMENTS</b>								
Payroll & Benefits							17,774	603,575
Telephone and cable							3,277	141,073
Outside Services							2,240	93,814
Landscaping & Snow Removal							7,950	134,708
Utilities							41,758	766,493
Security							22,633	768,482
Fire & Safety							9,057	105,595
Repairs & Maintenance							18,733	301,750
Insurance							-	493,905
Chemical Removal							-	41,501
Waste Removal							710	24,867
Sewage Treatment							-	35,961
Property Taxes							87,462	251,868
Permits & licenses							-	1,094
Payroll Processing							401	12,600
Union Benefits							-	5,325
Computer expense							-	75,789
Office Supplies							-	2,713
Finance Fees							-	143,000
Debt Paydowns						983,399	983,399	31,076,050
Retained Professionals							91,698	1,800,019
Claims Noticing Agent							-	202,695
Interim Management-CRO							71,992	1,221,567
Bank Charges					149		149	1,501
Moving, Storage and destruction costs							1,296	164,769
Other							-	25,233
Return of Tenant security deposits							-	23,437
Receivable collection costs							-	2,496
Real estate cost of sales							-	1,428,654
Litigation							-	7,500
US Trustee Fees							20,000	61,275
Other Bankruptcy Related Charges							-	32,465
<b>Total Disbursements</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 149</b>	<b>\$ 983,399</b>	<b>\$ 1,380,528</b>	<b>\$ 40,051,776</b>
Net Cash Flow	\$ 44,683	\$ -	\$ 34	\$ -	\$ 2,273	\$ -	\$ 62,758	\$ 5,524,893
<b>Cash - End Of Period<sup>(4)</sup></b>	<b>\$ 4,972,897</b>	<b>\$ -</b>	<b>\$ 200,138</b>	<b>\$ -</b>	<b>\$ 479,853</b>	<b>\$ -</b>	<b>\$ 6,570,165</b>	<b>\$ 6,570,165</b>

**In re: Dowling College  
Bank Reconciliations**

CASH AND MARK							
	Signature - Operating - 5448	Signature - TL A-5456	Signature-TL B-5464	Signature - TL C-5472	Signature - TL D- 5480	Capital One-6182 (2)	Signature-Flex Spending Acct- 3912
Balance Per Bank	\$ 68,495	\$ 60,088	\$ 13,831	\$ 3,434	\$ 444,571	\$ -	\$ -
Deposits in Transit	-	-	-	-	-		
Outstanding Checks and Charges	(19,913)						
Other (List)		-	-	-	-		
Balance per Books	\$ 48,582	\$ 60,088	\$ 13,831	\$ 3,434	\$ 444,571	\$ -	\$ -

*See Notes on MOR-1*

**In re: Dowling College  
Bank Reconciliations**

ETABLE SECURITIES									
	Signature - Student Activity Acct - 3947	Signature-Sewage Treatment Replacement Acct- 3920	Signature-Sewage Treatment Reserve Acct - 3939	Signature-Real Estate Proceeds Account - 3826	Signature- Student Collections Account - 6057	Signature-Class I Settlement Reserve - 5697	Signature-Class II - 2006 Bonds Reserve - 5093	Signature-Class III - 2002 Bonds Reserve - 5700	
Balance Per Bank	\$ -	\$ 60,560	\$ 60,516	25,563	5	200,128	4,972,897		
Deposits in Transit									
Outstanding Checks and Charges									
Other (List)									
Balance per Books	\$ -	\$ 60,560	\$ 60,516	\$ 25,563	\$ 5	\$ 200,128	\$ 4,972,897	\$ -	

*See Notes on MOR-1*

**In re: Dowling College**  
**Bank Reconciliations**

	Signature - Class IV 2015 Bonds Reserve - 5107	US Bank -1467 (4)	Total	
Balance Per Bank	200,138	\$ 479,853	\$	6,590,078
Deposits in Transit			\$	-
Outstanding Checks and Charges			\$	(19,913)
Other (List)			\$	-
Balance per Books	\$ 200,138	\$ 479,853	\$	6,570,165

*See Notes on MOR-1*

In re: Dowling College

**MOR-1b**  
**Case No. 16-75545 (REG)**  
**Reporting Period: 1/1/18 to 1/31/18**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID**

This schedule is to include all retained professional payments from case inception to current month.

Payee	Period Covered	Amount Covered	Amount Paid		Cumulative Filing to Date	
			Fees	Expenses	Fees	Expenses
Klestadt, Winters, Jureller, Southard & Stevens	11/29/16 to 12/31/16	80%	\$ -	\$ -	\$ 114,131	\$ 2,822
Klestadt, Winters, Jureller, Southard & Stevens	November 2017	80%	\$ 79,307	\$ 673	\$ 1,068,240	\$ 16,759
Silverman Acampora, LLP	November 2017	80%	\$ 11,643	\$ 75	\$ 326,526	\$ 1,225
FPM Group	First Interim Holdback	80%	\$ -	\$ -	\$ 46,799	\$ 16,184
Eichen & Dimeglio PC	First Interim Holdback	80%	\$ -	\$ -	\$ 41,077	\$ 798
Smith & Downey		80%	\$ -	\$ -	\$ 10,828	\$ -
Farrell Fritz		80%	\$ -	\$ -	\$ 3,132	\$ 27
<b>Total (Excluding Duplicates)</b>			<b>\$ 90,950</b>	<b>\$ 748</b>	<b>\$ 1,610,733</b>	<b>\$ 37,815</b>

MOR 2

In re: Dowling College

Case No. 16-75545 (REG)  
Reporting Period: 1/1/18 to 1/31/18

**STATEMENT OF OPERATIONS**  
(Income Statement)  
**UNAUDITED**

	January 2018	CUMULATIVE FILING TO DATE (1)
<u>Income</u>		
Rental Income	\$ -	\$ 612,700
Charges on Student billing & Other Income	20	(52,180)
Total Income	20	560,520
<u>Expenses:</u>		
Gross Payroll	16,527	549,373
Bank Charges	149	1,771
Brookhaven Dorm Maintenance	-	62,784
Employee Benefits	-	(467)
Environmental - Phase I	-	2,500
Fire & Safety Maintenance	9,057	105,005
Licenses & Permits	-	1,263
Payroll Tax Expense	1,264	43,854
Real Estate Taxes	10,049	282,855
Repair & Maintenance	18,733	229,697
Security	22,633	807,954
Sewage Treatment	-	39,126
Telephone & Cable	3,877	103,541
Union Dues	-	4,675
Office Supplies	-	3,963
Computer Supplies & expense	-	60,820
Equipment lease	-	20,358
Electric/Gas	27,391	714,570
Fuel Oil	5,258	24,991
Water	197	13,712
Insurance Expense	(894)	470,718
Waste Removal	710	25,087
Snow Removal	9,510	76,015
Grounds Maintenance	-	60,253
Exterminating	-	1,963
Chemical Waste Removal	-	39,001
Payroll Processing	401	12,631
Moving, Storage & disposal	954	30,866
Taxes & Licenses	-	2,344
Misc. Expense	27	(15,606)
Outside services	-	210,468
Bad Debt Expense	-	45,640
Accounting & Tax-Pension Plan	22,488	80,221
Temporary Help	3,423	31,658
Total Expense	151,755	4,143,604
Net Ordinary Income	(151,735)	(3,583,083)

MOR 2

In re: Dowling College

Case No. 16-75545 (REG)  
Reporting Period: 1/1/18 to 1/31/18

**STATEMENT OF OPERATIONS**  
(Income Statement)  
**UNAUDITED**

	January 2018	CUMULATIVE FILING TO DATE (1)
<u>Other Income:</u>		
Gain on Sale of Resid. Houses	82,838	1,975,076
Gain on Sale of Oakdale Campus	(24,200)	8,819,315
Gain on Sale of Vacant Land	-	25,000
Gain on Sale of Other Assets	-	894,850
Interest & Dividends Earned net of custodian fees	2,169	17,834
Change in Unrealized Gain/Loss	-	119,676
Miscellaneous Income	-	25,499
Total Other Income	60,808	11,877,250
<u>Other Expense</u>		
Professional Fees - Chapter 11	148,022	2,342,220
Interest Expense-DIP Financing	158,575	158,575
Claims Noticing Agent	-	207,297
Bankruptcy Advertising Costs	-	32,465
US Trustee Fees	20,000	61,275
Site Planner Consulting expense	-	74,514
Financing Fees	9,000	122,000
Advertsing & Marketing costs - Real Estate	-	77,192
Litigation Expense-Mediator	-	11,771
Bond Agent Administration expense	-	47,240
Interim Management-CRO	83,500	1,356,848
Total Other Expense	419,097	4,491,396
Net Other Income	(358,289)	7,385,853
<b>Net Income</b>	<b>\$ (510,024)</b>	<b>\$ 3,802,770</b>

See Notes to MOR.

(1) Amended to reflect reclassifications and adjustments relating to sale of Debtor's property, plant &amp; equipment.



MOR 3

In re: Dowling College

Case No. 16-75545 (REG)  
Reporting Period: 1/1/18 to 1/31/18

**BALANCE SHEET  
UNAUDITED**

	<u>Current Month</u>	<u>As of Filing Date (1)</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 6,570,463	\$ 1,045,272
Rent Receivable	22,477	54,677
Escrow deposits related to real estate sales	5,000	-
Accounts Receivable-Other	165,907	165,907
Pledges Receivable	1,798,341	1,798,341
Prepaid Expense	49,072	135,663
Prepaid Retainers	48,520	256,942
Student Receivables-net of allowance	621,805	848,807
Total Current Assets	9,281,585	4,305,610
<u>Property, Plant &amp; Equipment</u>		
Oakdale Campus	-	42,175,600
Oakdale Residential Properties	1,793,923	9,696,277
Brookhaven Campus	54,492,951	54,492,951
Total	56,286,875	106,364,828
Accumulated Depreciation	(24,663,022)	(51,138,757)
Net Property, Plant & Equipment	31,623,853	55,226,070
<u>Other Assets</u>		
Closing Costs - Bonds	2,279,438	2,279,438
Perkins Loans Receivable	1,823,534	1,962,610
Investments	1,634,616	1,621,865
Deposits	36,500	36,500
Total Other Assets	5,774,088	5,900,413
Total Assets	<b>\$ 46,679,526</b>	<b>\$ 65,432,094</b>
<u>LIABILITIES &amp; EQUITY</u>		
<u>Liabilities - Not Subject To Compromise</u>		
Accounts Payable	\$ 64,686	\$ -
Accrued Expenses-other	4,021	-
Accrued Professional Fees	579,842	-
Other current liabilities	5,000	-
DIP-Term Loan A	313,211	-
DiP-Term Loan B	267,835	-
DIP-Term Loan C	-	-
DIP - Term Loan D-Admin	916,813	-
Total DIP Financing- Post petition loans	1,497,859	-
Total Liabilities-Not Subject to Comp	2,151,407	-

MOR 3

In re: Dowling College

Case No. 16-75545 (REG)  
Reporting Period: 1/1/18 to 1/31/18

**BALANCE SHEET  
UNAUDITED**

	<u>Current Month</u>	<u>As of Filing Date (1)</u>
<u>Liabilities-Subject to Compromise</u>		
Accounts Payable	3,997,259	3,977,990
Accrued Expenses	5,083,140	5,083,140
Other payables	91,000	91,000
Deferred Rental Income	80,491	80,491
Tenant Security Deposit Payable	-	62,308
Perkins A/P	1,778,017	1,774,874
Total Bonds Payable-Subject to Compromise	28,006,208	52,673,869
Loans Payable - Dept of Education	1,179,668	1,179,668
Total Liabilities subject to compromise	40,215,783	64,923,340
Total Liabilities	42,367,190	64,923,340
 Fund Balance	 4,312,336	 508,753
Total Liabilities and Equity	<u>\$ 46,679,526</u>	<u>\$ 65,432,094</u>

**See Notes to MOR.**

***(1) Amended to reflect reclassifications and adjustments relating to the prepetition period.***

MOR-4

In re: Dowling College

Case No. 16-75545 (REG)

Reporting Period: 1/1/18 to 1/31/18

## STATUS OF POSTPETITION TAXES

Federal	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No.	Ending Tax Liability
Withholding	No payroll tax liability. Gross payroll amount is remitted to the Payroll Service Company for the payment to the					
FICA-Employee	appropriate taxing authority.					
FICA-Employer						
Unemployment						
Income						\$ -
Other						-
Total Federal Taxes	\$ -	\$ -	\$ -			\$ -
<b>State and Local</b>						
Withholding	See Note Above					
Sales & Use						\$ -
State Income Tax						-
Excise						-
Unemployment						-
Real & Personal Property						-
Other						-
Total State and Local	-	-	-			-
<b>Total Taxes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			<b>\$ -</b>

## SUMMARY OF UNPAID POSTPETITION DEBTS (1)

Attach aged listing of accounts payable.

Number of Days Past Due	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable	\$ 64,686					\$ 64,686
Wages Payable						-
Taxes Payable						-
Rent/Leases - Building						-
Rent/Leases - Equipment						-
Secured Debt/Adequate Protection Payments	1,497,859					1,497,859
Professional Fees (2)	579,842					579,842
Amounts due to Insiders*						-
Other - Accruals and deposits payable	9,021					9,021
<b>Total Postpetition Debts</b>	<b>\$ 2,151,407</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,151,407</b>

(1) Excludes liabilities recorded for deferred income or other accounting recognition adjustments.

(2) Subject to court order payment procedures.

\* "Insider" is defined in 11 U.S.C. Section 101(31).

MOR-5

In re: Dowling College

Case No. 16-75545 (REG)  
Reporting Period: 1/1/18 to 1/31/18

## ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		
Net Accounts Receivable at the beginning of the reporting period		\$ 622,009
+ Amounts billed during the period		
- Amounts collected during the period		204
- Allowances, Reserves & Write-Offs		
Net Accounts Receivable at the end of the reporting period		\$ 621,805
Accounts Receivable Aging (Gross)		
0 - 30 days old		
31 - 60 days old		
61 - 90 days old		
91+ days old		\$ 621,805
Adjustments & Write-Offs		
Total Accounts Receivable (Gross)		
- Unapplied Cash		
- Bad Debt Reserve		\$ -
- Sales Return Reserve		
- Sequester Reserve		
- Contractual Allowances		
+ Other AR Activity		
Accounts Receivable (Net)		\$ 621,805

**Note:** The Accounts Receivable includes many small balances due from former students dating back to when the College was operating. The Debtor continues to evaluate these receivables and determine the net realizability of such accounts.

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. (1)	X	
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below. (1)	X	
3. Have all post petition tax returns been timely filed? If no, provide an explanation below. (2)	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s).		X

(1) During the reporting period, the Debtor sold 3 residential properties in Oakdale, New York for net proceeds of approximately \$983,000.. Pursuant to Court Order, The net proceeds received on the residential property sales during this period were paid directly to the secured lender which held liens on those properties.